

## The Driving Forces behind Albania's Growth

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**Abstract:** *This paper examines the determinants of the Albanian economic growth that occurred from 2002-2012. We have explored, first, the time series properties of the growth rates of gross domestic product and labor productivity with an extended battery of unit-root tests. Then, in a multivariate setting, we use the VAR model methodology to provide evidence that physical and human capital accumulation, R&D expenditure, openness and competitiveness are the main drivers of output, labor productivity and total factor productivity growth in the long run.*

**Keywords:** *growth, Solow model, VAR methodology, Albania.*